

**CITY OF FARGO EMPLOYEES PENSION PLAN**  
**INVESTMENT PERFORMANCE REPORT AS OF SEPTEMBER 30, 2008**

	September-08				Current	Prior Year	3 Years	5 Years
	Market Value	Actual	Policy	Quarter Net ROR	Fiscal YTD Net ROR	FY08 (1) Net ROR	Ended 6/30/2008 Net ROR	Ended 6/30/2008 Net ROR
<b>LARGE CAP DOMESTIC EQUITY</b>								
<i>Structured Growth</i>								
LA Capital	1,115,645	4.2%	4.2%	-13.15%	-13.15%	N/A	N/A	N/A
<b>Total Structured Growth</b>	<b>1,115,645</b>	<b>4.2%</b>	<b>4.2%</b>	<b>-13.15%</b>	<b>-13.15%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<i>Russell 1000 Growth</i>				-12.33%	-12.33%	N/A	N/A	N/A
<i>Structured Value</i>						N/A	N/A	N/A
LSV	1,060,893	4.0%	4.2%	-6.27%	-6.27%	N/A	N/A	N/A
<i>Russell 1000 Value</i>				-6.11%	-6.11%	N/A	N/A	N/A
<i>Enhanced Russell 1000 Index</i>						N/A	N/A	N/A
LA Capital	945,410	3.5%	3.5%	-9.44%	-9.44%	N/A	N/A	N/A
<i>Russell 1000</i>				-9.35%	-9.35%	N/A	N/A	N/A
<i>Enhanced S&amp;P 500 Index</i>						N/A	N/A	N/A
Northern Trust	446,667	1.7%	1.8%	-6.80%	-6.80%	N/A	N/A	N/A
Westridge	986,368	3.7%	3.9%	-8.06%	-8.06%	N/A	N/A	N/A
Wells Capital	643,683	2.4%	2.7%	-24.53%	-24.53%	N/A	N/A	N/A
European Credit Management	411,467	1.5%	1.8%	-21.07%	-21.07%	N/A	N/A	N/A
Prudential	442,582	1.7%	1.9%	-25.46%	-25.46%	N/A	N/A	N/A
Franklin	444,125	1.7%	1.8%	-12.12%	-12.12%	N/A	N/A	N/A
<b>Total Enhanced S&amp;P 500 Index</b>	<b>3,374,891</b>	<b>12.6%</b>	<b>13.9%</b>	<b>-16.16%</b>	<b>-16.16%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<i>S&amp;P 500</i>				-8.37%	-8.37%	N/A	N/A	N/A
<i>Absolute Return Strategy</i>						N/A	N/A	N/A
Epoch	489,584	1.8%	2.1%	-12.66%	-12.66%	N/A	N/A	N/A
<i>S&amp;P 500</i>				-8.37%	-8.37%	N/A	N/A	N/A
<i>S&amp;P 500 Index</i>						N/A	N/A	N/A
State Street	529,833	2.0%	2.1%	-11.64%	-11.64%	N/A	N/A	N/A
<i>S&amp;P 500</i>				-8.37%	-8.37%	N/A	N/A	N/A
<b>TOTAL LARGE CAP DOMESTIC EQUITY</b>	<b>7,516,256</b>	<b>28.1%</b>	<b>30.0%</b>	<b>-13.07%</b>	<b>-13.07%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<i>S&amp;P 500</i>				-8.37%	-8.37%	N/A	N/A	N/A
<b>SMALL CAP DOMESTIC EQUITY</b>								
<i>Manager-of-Managers</i>						N/A	N/A	N/A
SEI	2,057,294	7.7%	7.2%	-1.30%	-1.30%	N/A	N/A	N/A
<i>Russell 2000 + 200bp</i>				-0.61%	-0.61%	N/A	N/A	N/A
Callan	815,544	3.0%	2.8%	-7.13%	-7.13%	N/A	N/A	N/A
<i>Russell 2000</i>				-1.11%	-1.11%	N/A	N/A	N/A
<b>TOTAL SMALL CAP DOMESTIC EQUITY</b>	<b>2,872,839</b>	<b>10.7%</b>	<b>10.0%</b>	<b>-2.98%</b>	<b>-2.98%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<i>Russell 2000</i>				-1.11%	-1.11%	N/A	N/A	N/A
<b>INTERNATIONAL EQUITY</b>								
<i>Large Cap - Core</i>						N/A	N/A	N/A
State Street	246,256	0.9%	1.0%	-21.95%	-21.95%	N/A	N/A	N/A
<i>MSCI EAFE</i>				-20.56%	-20.56%	N/A	N/A	N/A
<i>Large Cap - Active</i>						N/A	N/A	N/A
Capital Guardian	792,474	3.0%	3.0%	-18.64%	-18.64%	N/A	N/A	N/A
LSV	750,368	2.8%	3.0%	-17.25%	-17.25%	N/A	N/A	N/A
<b>Total Large Cap - Active</b>	<b>1,542,842</b>	<b>5.8%</b>	<b>7.0%</b>	<b>-17.97%</b>	<b>-17.97%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<i>MSCI EAFE - 50% Hedged</i>				-16.79%	-16.79%	N/A	N/A	N/A
<i>Small Cap - Active</i>						N/A	N/A	N/A
DFA	244,613	0.9%	1.0%	-20.80%	-20.80%	N/A	N/A	N/A
Wellington	236,202	0.9%	1.0%	-25.78%	-25.78%	N/A	N/A	N/A
<b>Total Small Cap - Active</b>	<b>480,815</b>	<b>1.8%</b>	<b>2.0%</b>	<b>-23.33%</b>	<b>-23.33%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<i>S&amp;P/Citigroup BMI EPAC &lt; \$2BN</i>				-23.50%	-23.50%	N/A	N/A	N/A
<b>TOTAL INTERNATIONAL EQUITY</b>	<b>2,269,913</b>	<b>8.5%</b>	<b>10.0%</b>	<b>-19.61%</b>	<b>-19.61%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<i>MSCI EAFE - 50% Hedged</i>				-16.79%	-16.79%	N/A	N/A	N/A
<b>EMERGING MARKETS EQUITY</b>								
<i>Core</i>						N/A	N/A	N/A
JP Morgan	182,828	0.7%	0.9%	-22.87%	-22.87%	N/A	N/A	N/A
PanAgora	177,149	0.7%	0.9%	-27.52%	-27.52%	N/A	N/A	N/A
WestLB	181,797	0.7%	0.9%	-28.00%	-28.00%	N/A	N/A	N/A
UBS	240,973	0.9%	0.9%	-27.00%	-27.00%	N/A	N/A	N/A
<b>Total Core</b>	<b>782,747</b>	<b>2.9%</b>	<b>3.5%</b>	<b>-26.44%</b>	<b>-26.44%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<i>MSCI Emerging Markets</i>				-26.86%	-26.86%	N/A	N/A	N/A
<i>Small Cap</i>						N/A	N/A	N/A
DFA	185,135	0.7%	1.0%	-24.25%	-24.25%	N/A	N/A	N/A
<i>MSCI Emerging Markets</i>				-26.86%	-26.86%	N/A	N/A	N/A
<i>Private Equity</i>						N/A	N/A	N/A
Capital International	106,590	0.4%	0.4%	6.52%	6.52%	N/A	N/A	N/A
<i>MSCI Emerging Markets</i>				-26.86%	-26.86%	N/A	N/A	N/A
<i>Infrastructure</i>						N/A	N/A	N/A
JP Morgan	52,680	0.2%	0.2%	N/A	N/A	N/A	N/A	N/A
<b>TOTAL EMERGING MARKETS EQUITY</b>	<b>1,127,152</b>	<b>4.2%</b>	<b>5.0%</b>	<b>-23.25%</b>	<b>-23.25%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<i>MSCI Emerging Markets</i>				-26.86%	-26.86%	N/A	N/A	N/A

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<b>DOMESTIC FIXED INCOME</b>								
<b>Core Bond</b>						N/A	N/A	N/A
<b>Western Asset</b>	517,696	1.9%	1.8%	-6.30%	-6.30%	N/A	N/A	N/A
<i>Lehman Aggregate</i>				-0.49%	-0.49%	N/A	N/A	N/A
<b>Index</b>								
Bank of ND	780,504	2.9%	2.5%	-1.64%	-1.64%	N/A	N/A	N/A
<b>Total Index</b>	780,504	2.9%	2.5%	-1.64%	-1.64%	N/A	N/A	N/A
<i>Lehman Gov/Credit</i>				-1.64%	-1.64%	N/A	N/A	N/A
<b>Enhanced</b>								
<b>Westridge</b>	519,356	1.9%	1.6%	2.75%	2.75%	N/A	N/A	N/A
<i>Lehman Aggregate</i>				-0.49%	-0.49%			
<b>Convertibles</b>						N/A	N/A	N/A
Calamos	516,491	1.9%	1.8%	-11.09%	-11.09%	N/A	N/A	N/A
<b>Total Convertibles</b>	516,491	1.9%	1.8%	-11.09%	-11.09%	N/A	N/A	N/A
<i>Merrill Lynch All Convertibles</i>				-17.56%	-17.56%	N/A	N/A	N/A
<b>BBB Average Quality</b>						N/A	N/A	N/A
<b>Wells Capital</b>	565,680	2.1%	1.8%	-3.78%	-3.78%	N/A	N/A	N/A
<i>Lehman BBB</i>				-4.85%	-4.85%	N/A	N/A	N/A
<b>Senior Debt</b>						N/A	N/A	N/A
<b>PIMCO</b>	189,362	0.7%	0.7%	N/A	N/A	N/A	N/A	N/A
<i>Lehman Aggregate</i>				-0.49%	-0.49%	N/A	N/A	N/A
<b>Private Debt</b>						N/A	N/A	N/A
<b>Prudential</b>	546,874	2.0%	1.8%	-1.79%	-1.79%	N/A	N/A	N/A
<i>Lehman Aggregate</i>				-0.49%	-0.49%	N/A	N/A	N/A
<b>Timberland</b>						N/A	N/A	N/A
TIR - Teredo	696,517	2.6%	2.6%	-0.14%	-0.14%	N/A	N/A	N/A
TIR - Springbank	1,532,117	5.7%	5.7%	-0.43%	-0.43%	N/A	N/A	N/A
<b>Total Timberland</b>	2,228,633	8.3%	8.3%	-0.34%	-0.34%	N/A	N/A	N/A
<i>NCREIF Timberland Index</i>				1.01%	1.01%	N/A	N/A	N/A
<b>Infrastructure</b>						N/A	N/A	N/A
<b>JP Morgan</b>	1,113,084	4.2%	4.2%	3.31%	3.31%	N/A	N/A	N/A
<b>TOTAL DOMESTIC FIXED INCOME</b>	6,977,678	26.1%	24.0%	-1.50%	-1.50%	N/A	N/A	N/A
<i>Lehman Aggregate</i>				-0.49%	-0.49%	N/A	N/A	N/A
<b>HIGH YIELD BONDS</b>								
<b>Core</b>								
Loomis Sayles	538,846	2.0%	1.9%	-12.73%	-12.73%	N/A	N/A	N/A
Sutter/Wells Capital	535,559	2.0%	1.9%	-6.97%	-6.97%	N/A	N/A	N/A
<b>Total Core</b>	1,074,405	4.0%	3.9%	-10.04%	-10.04%	N/A	N/A	N/A
<i>LB High Yield 2% Issuer Contstrained Index</i>				-8.56%	-8.56%	N/A	N/A	N/A
<b>Mezzanine Debt</b>								
Goldman Sachs 2006 Fund	34,710	0.1%	0.1%	-6.02%	-6.02%	N/A	N/A	N/A
Goldman Sachs Fund V	54,905	0.2%	0.2%	2.67%	2.67%	N/A	N/A	N/A
TCW	96,781	0.4%	0.4%	2.02%	2.02%	N/A	N/A	N/A
<b>Total Mezzanine Debt</b>	186,396	0.7%	0.7%	0.60%	0.60%	N/A	N/A	N/A
<i>LB High Yield 2% Issuer Contstrained Index</i>				-8.56%	-8.56%	N/A	N/A	N/A
<b>Distressed Mortgages</b>								
PIMCO	86,914	0.3%	0.3%	0.96%	0.96%	N/A	N/A	N/A
Declaration Management	21,297	0.1%	0.1%	-3.65%	-3.65%	N/A	N/A	N/A
<b>Total Distressed Mortgages</b>	108,211	0.4%	0.4%	0.02%	0.02%	N/A	N/A	N/A
<i>LB High Yield 2% Issuer Contstrained Index</i>				-8.56%	-8.56%			
<b>TOTAL HIGH YIELD BONDS</b>	1,369,012	5.1%	5.0%	-7.92%	-7.92%	N/A	N/A	N/A
<i>LB High Yield 2% Issuer Contstrained Index</i>				-8.56%	-8.56%	N/A	N/A	N/A
<b>INTERNATIONAL FIXED INCOME</b>								
<b>International Sovereign</b>								
<b>UBS Global (Brinson)</b>	703,694	2.6%	2.5%	-4.51%	-4.51%	N/A	N/A	N/A
<i>Citigroup Non-US Gov't Bond Index</i>				-4.25%	-4.25%	N/A	N/A	N/A
<b>International Core</b>								
<b>Brandywine</b>	734,400	2.7%	2.5%	-5.68%	-5.68%	N/A	N/A	N/A
<i>Lehman Global Aggregate (ex-US)</i>				-5.90%	-5.90%	N/A	N/A	N/A
<b>TOTAL INTERNATIONAL FIXED INCOME</b>	1,438,094	5.4%	5.0%	-5.11%	-5.11%	N/A	N/A	N/A
<i>Citigroup Non-US Gov't Bond Index</i>				-4.25%	-4.25%	N/A	N/A	N/A
<b>REAL ESTATE</b>								
INVESCO - Core	696,534			0.63%	0.63%	N/A	N/A	N/A
INVESCO - Fund II	13,359			-1.85%	-1.85%	N/A	N/A	N/A
J.P. Morgan Strategic & Special Funds	642,989			-1.95%	-1.95%	N/A	N/A	N/A
J.P. Morgan Alternative Property Fund	175,671			-0.60%	-0.60%	N/A	N/A	N/A
J.P. Morgan Greater China Property Fund	18,980			-5.24%	-5.24%	N/A	N/A	N/A
<b>TOTAL REAL ESTATE</b>	1,547,535	5.8%	5.0%	-0.72%	-0.72%	N/A	N/A	N/A
<i>NCREIF TOTAL INDEX</i>				-0.17%	-0.17%	N/A	N/A	N/A

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	Allocation		Quarter		Fiscal YTD	FY08	Ended	Ended
	Market Value	Actual	Policy	Net ROR	Net ROR	(1)	6/30/2008	6/30/2008
						Net ROR	Net ROR	Net ROR
<b>ALTERNATIVE INVESTMENTS</b>								
Coral Partners V	62,289			0.00%	0.00%	N/A	N/A	N/A
Coral Partners V - Supplemental	7,275			10.51%	10.51%	N/A	N/A	N/A
Coral Momentum Fund (Formerly Fund VI)	119,426			-4.97%	-4.97%	N/A	N/A	N/A
Brinson 1998 Partnership Fund	7,108			-3.84%	-3.84%	N/A	N/A	N/A
Brinson 1999 Partnership Fund	21,841			-2.15%	-2.15%	N/A	N/A	N/A
Brinson 2000 Partnership Fund	69,590			-10.02%	-10.02%	N/A	N/A	N/A
Brinson 2001 Partnership Fund	62,331			-1.08%	-1.08%	N/A	N/A	N/A
Brinson 2002 Partnership Fund	30,691			-5.82%	-5.82%	N/A	N/A	N/A
Brinson 2003 Partnership Fund	12,018			2.40%	2.40%	N/A	N/A	N/A
Total Brinson Partnership Funds	203,581			-4.98%	-4.98%	N/A	N/A	N/A
Brinson 1999 Non-US Partnership Fund	10,476			-1.11%	-1.11%	N/A	N/A	N/A
Brinson 2000 Non-US Partnership Fund	23,329			-3.21%	-3.21%	N/A	N/A	N/A
Brinson 2001 Non-US Partnership Fund	15,958			-8.05%	-8.05%	N/A	N/A	N/A
Brinson 2002 Non-US Partnership Fund	41,777			-5.05%	-5.05%	N/A	N/A	N/A
Brinson 2003 Non-US Partnership Fund	35,906			3.32%	3.32%	N/A	N/A	N/A
Brinson 2004 Non-US Partnership Fund	17,326			-4.17%	-4.17%	N/A	N/A	N/A
Total Brinson Non-US Partnership Fund	144,772			-2.76%	-2.76%	N/A	N/A	N/A
Adams Street 2008 Non-US Partnership Fd	3,535			-3.86%	-3.86%	N/A	N/A	N/A
Brinson BVCF IV	112,187			7.08%	7.08%	N/A	N/A	N/A
Adams Street Direct Co-investment Fund	123,412			-3.78%	-3.78%	N/A	N/A	N/A
Matlin Patterson Global Opportunities	41,601			-27.00%	-27.00%	N/A	N/A	N/A
Matlin Patterson Global Opportunities II	216,311			-10.56%	-10.56%	N/A	N/A	N/A
Matlin Patterson Global Opportunities III	121,133			1.13%	1.13%	N/A	N/A	N/A
InvestAmerica	54,374			0.00%	0.00%	N/A	N/A	N/A
Hearthstone MSII	0			-100.00%	-100.00%	N/A	N/A	N/A
Hearthstone MSIII	7,155			-33.76%	-33.76%	N/A	N/A	N/A
Corsair III	95,179			-6.63%	-6.63%	N/A	N/A	N/A
Corsair III - ND Investors LLC	72,734			0.00%	0.00%	N/A	N/A	N/A
Quantum Resources	1,725			-91.16%	-91.16%	N/A	N/A	N/A
Quantum Energy Partners	21,384			-0.52%	-0.52%	N/A	N/A	N/A
<b>TOTAL ALTERNATIVE INVESTMENTS (2)</b>	<b>1,408,072</b>	<b>5.3%</b>	<b>5.0%</b>	<b>-5.93%</b>	<b>-5.93%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>CASH EQUIVALENTS</b>								
Northern Trust STIF	86,972			0.49%	0.49%	N/A	N/A	N/A
Bank of ND	141,513			N/A	N/A	N/A	N/A	N/A
<b>TOTAL CASH EQUIVALENTS</b>	<b>228,486</b>	<b>0.9%</b>	<b>1.0%</b>	<b>0.48%</b>	<b>0.48%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
90 Day T-Bill				0.63%	0.63%	N/A	N/A	N/A
<b>TOTAL FUND</b>	<b>26,755,035</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-8.60%</b>	<b>-8.60%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>POLICY TARGET BENCHMARK</b>				<b>-6.80%</b>	<b>-6.80%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

**NOTE: Monthly returns and market values are preliminary and subject to change.**

(1) Initial funding with State Investment Board on December 28, 2007.

(2) Because of the variation in fee calculations in Alternative Investments, only net returns will be shown until June of each year when actual co